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Jan. 1998

Company Background

- Providing IT services in Israel for over 15 years
- Clients represent Israel's top organizations
- 350 IT professionals
- For the first nine months of 1997
  - Revenues of $ 20.4 million
  - 56% growth over same period in 1996
- Over $ 56 million in signed backlog
- Affiliate of the Formula Group

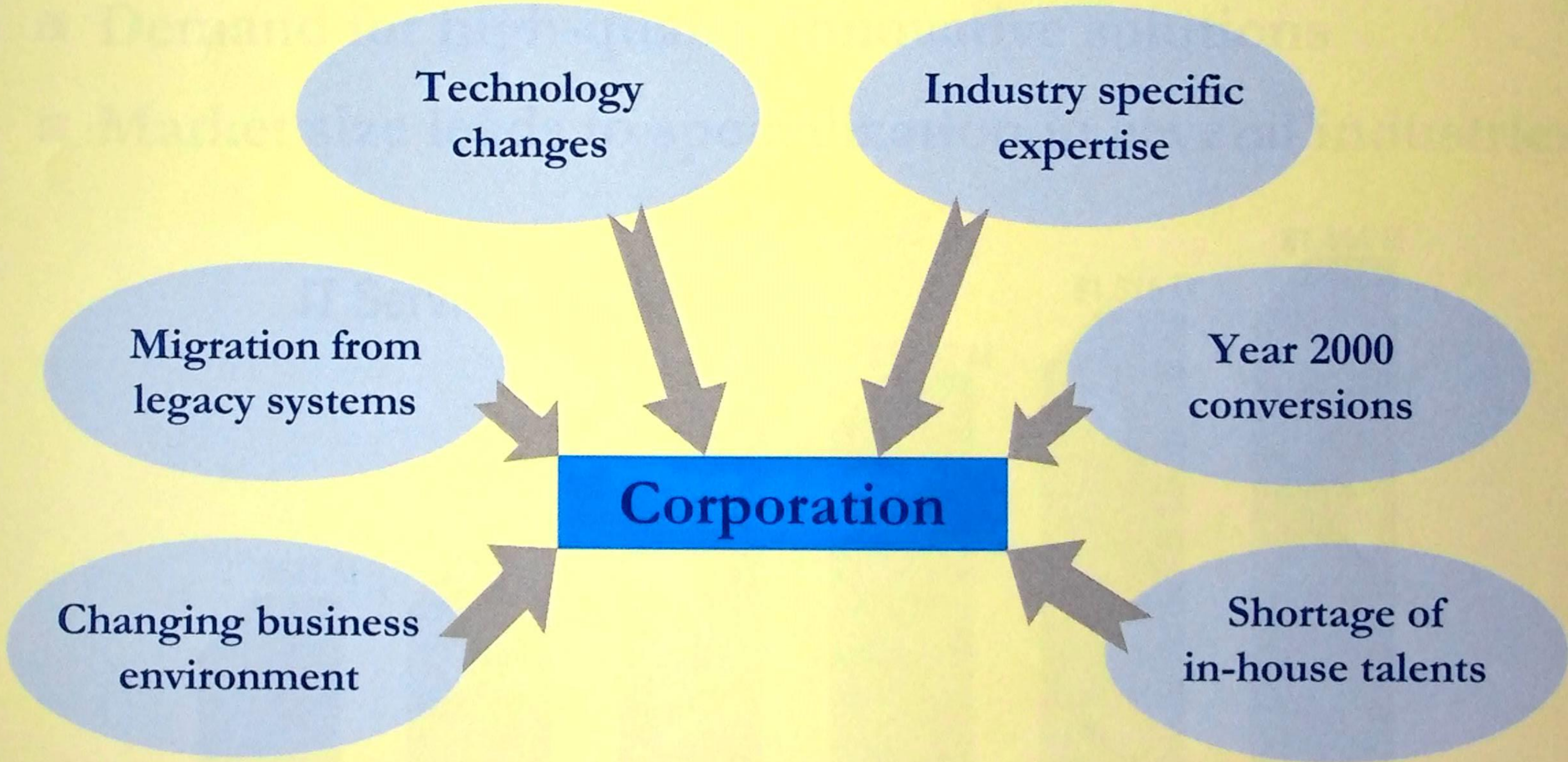
Investment Highlights

- Strong global demand for IT services
- Established leader in Israeli IT services
- Strong record of growth and profitability
- Proven solutions and experience
- Moving into international markets

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The Market

IT Market Drivers



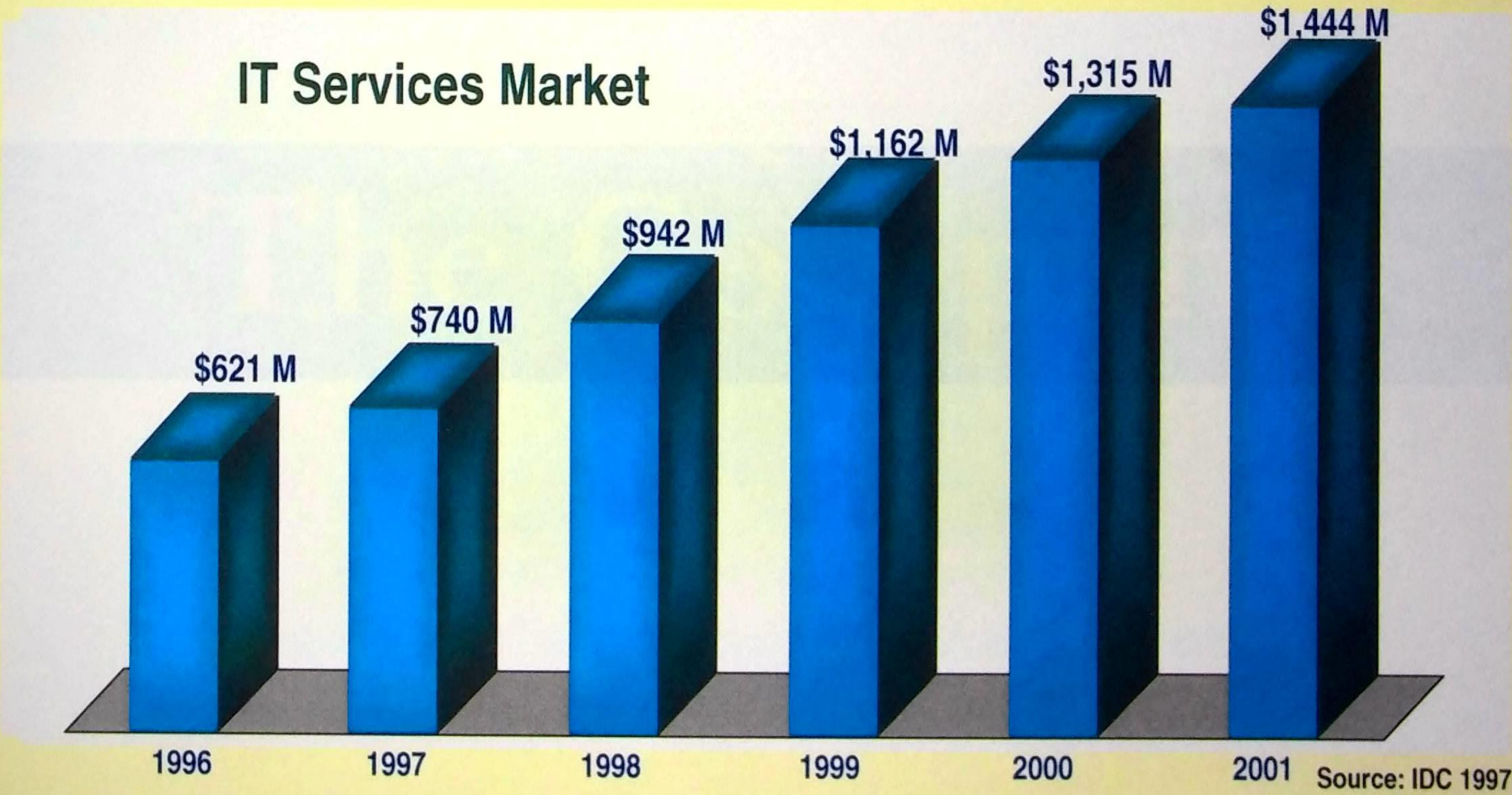
Trend Towards Preferred IT Service Provider

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Israeli IT Services

- Demand for high-quality innovative solutions
- Market size leads to specialization in several industries



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The Company

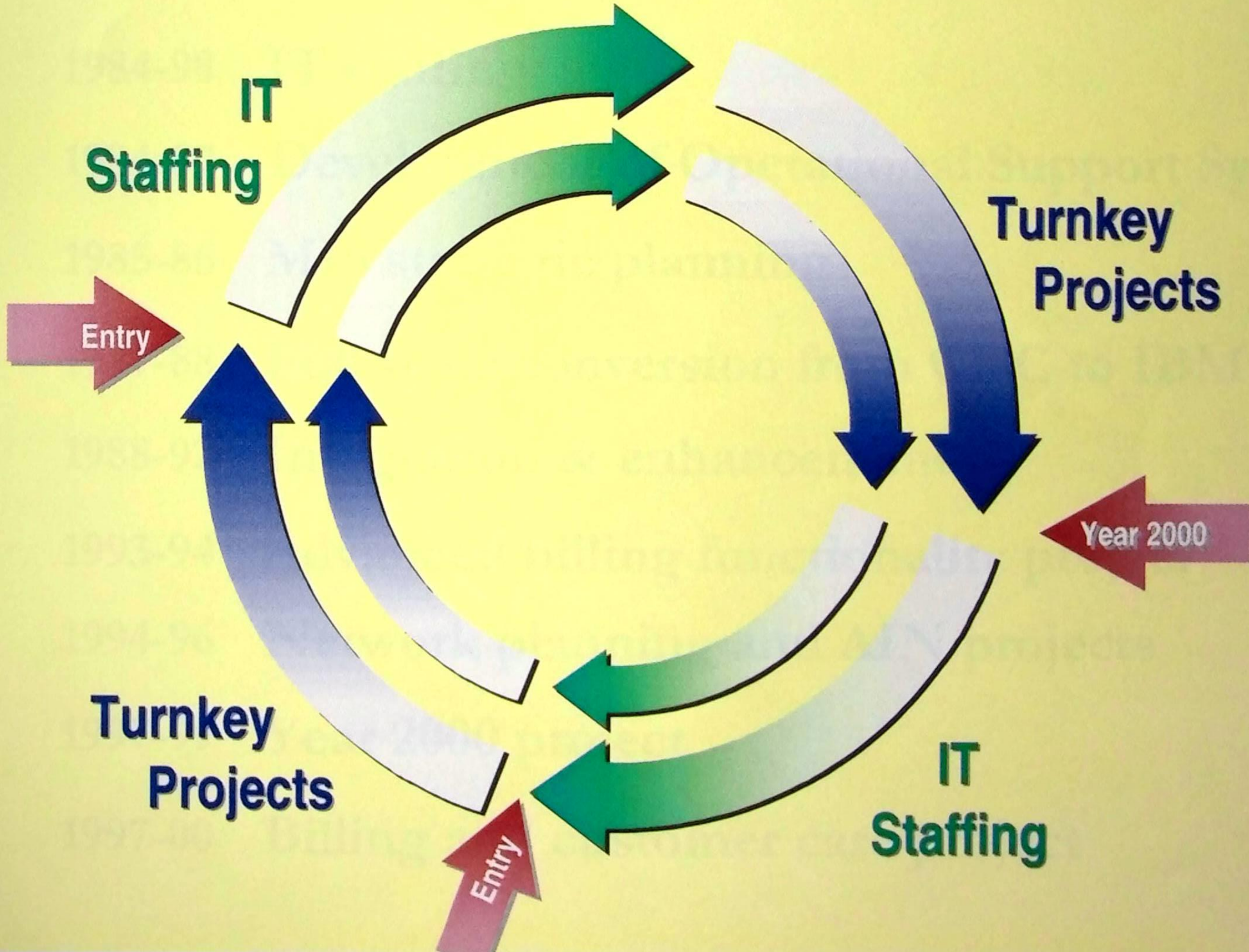
The ForSoft Approach

Long-Term Client Relationships

- Complex large-scale business solutions
- ISO9001 certified methodologies
- Full life cycle system support
- Vertical market expertise
- Heterogeneous computing environments

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Long-Term Client Relationships



Case Study - Bezeq

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- 1984-98 IT staffing
- 1984-87 Development of Operational Support System
- 1985-86 MIS strategic planning
- 1987-88 Full scale conversion from CDC to IBM
- 1988-92 Integration & enhancements
- 1993-94 Advanced billing functionality project
- 1994-96 Network planning and AIN projects
- 1997-99 Year 2000 project
- 1997-00 Billing and customer care project

Critical Success Factor: Qualified Personnel

Leading market position → Attract top applicants

Recruitment "machine" → Steady personnel growth

Retaining techniques → Low turnover rate

Promotion methods → Higher productivity & morale

Extensive training → Qualified personnel

Effective Management → Accelerated Growth

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Strategy

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Two-Pronged Growth Strategy

International Growth

- Leverage Formula Group
- Selected Acquisitions
- Strategic Partners
- Targeted Geographic Markets
- Industry Specific Applications
- Vertical Market Expertise

Domestic Leadership

- Increase Market Share
- Increase Penetration of Existing Clients
- Expand Client Base
- Focus on Large IT Contracts

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The Formula Group

- $150M revenue run rate, 73% CAGR
- 35% from international operations in 27 countries



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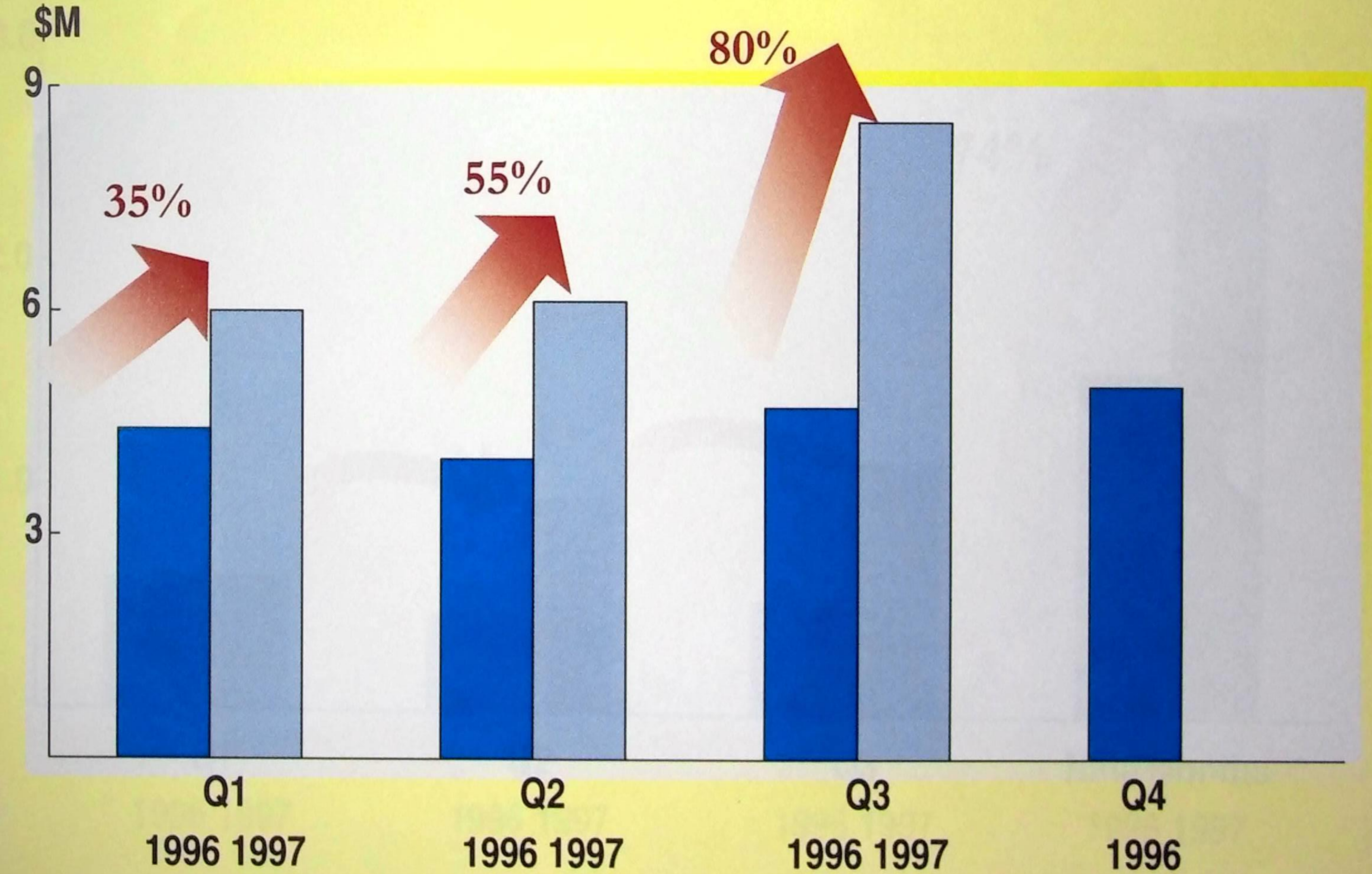
Management Team

Name	Title	Experience
Dan Goldstein	Chairman & founder	21 years
Emanuel Cohen	CEO	27 years
Dalia Even-Zur	Executive VP, Banking & Y2000	30 years
Meir Moshe	VP Finance & CFO	18 years
Avner Aleh	VP Marketing	28 years
Emilio Calabbi	Telecommunications	23 years
Lea Ben-Yaacov	Healthcare & Utilities	21 years
Yaacov Varshavsky	Outsourcing	24 years

Financials

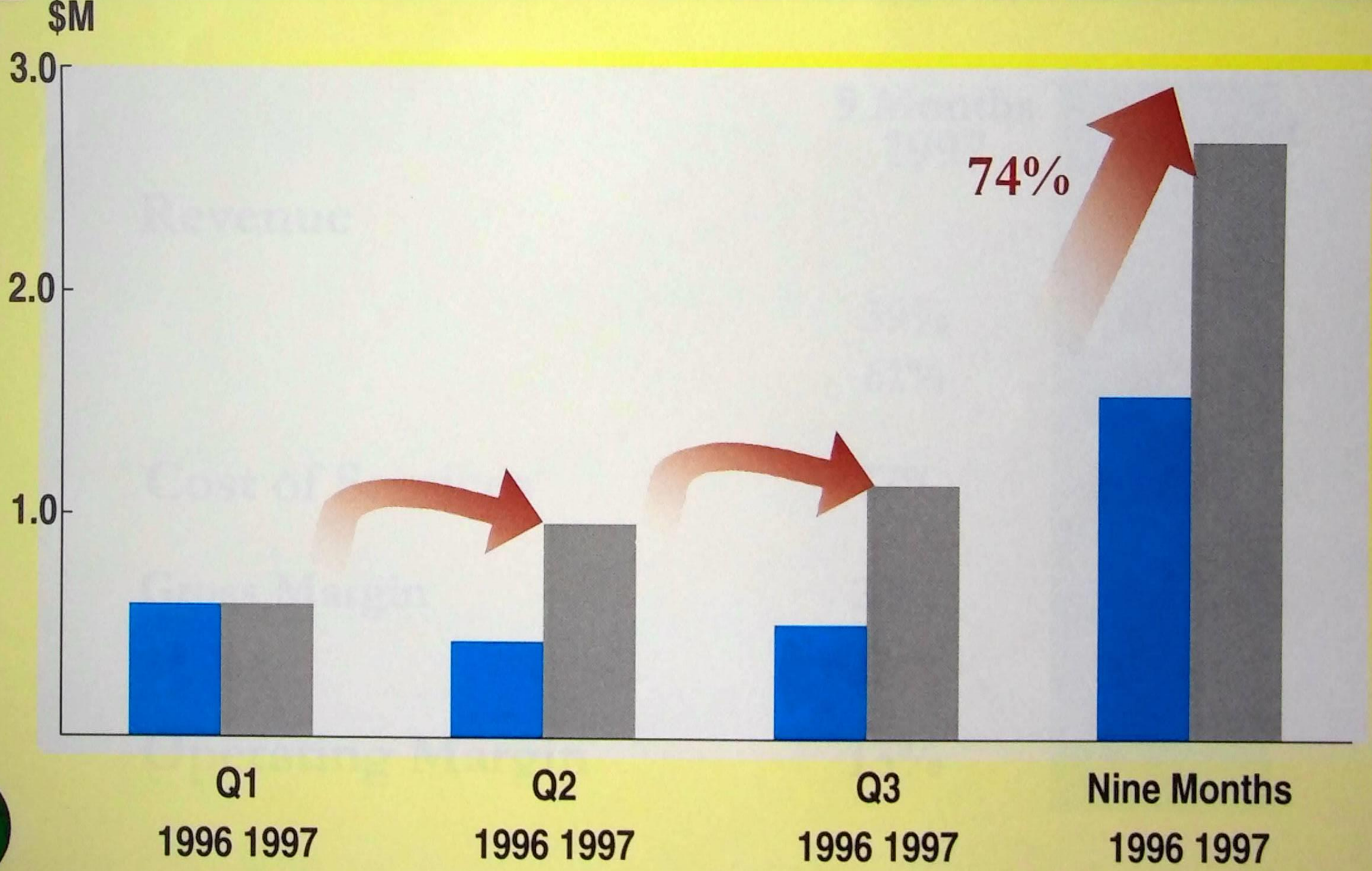
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Quarterly Revenue Growth



Quarterly Operating Income Growth

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Operating Model

	9 Months 1997	Target
Revenue		
	39%	60%
	61%	40%
Cost of Services	77%	68-70%
Gross Margin	23%	30-32%
SG&A	10%	11-13%
Operating Margin	13%	18-20%

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Conclusions

- Established leader in Israeli IT services
- Strong record of growth & profitability
- Know-how & expertise gained over 15 years
- Formula Group experience
- Positioned for international growth

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